

# THE Journal of Public Adjusting

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## Comprehensive Flood Preparedness Information is Available through the National Flood Insurance Program and the Florida Office of Insurance Regulation Websites

With catastrophic flooding recently plaguing parts of the nation, Florida policyholders can become better prepared to handle flood damage through the National Flood Insurance Program (NFIP) and the Florida Office of Insurance Regulation.

### The National Flood Insurance Program

NFIP's [FloodSmart.gov](#) provides an array of material ranging from flood maps to an interactive tool showing the cost of a flood to a home, inch-by-inch. A glossary, FAQs and preparedness checklists for businesses, homeowners and renters are also found on the site.

About The National Flood Insurance Program section offers extensive information on the program such as:

- The NFIP Partnership
- Coverage from the NFIP
- When insurance is required
- Making communities safer

The Flooding & Flood Risks section addresses topics including:

- What causes flooding
- Defining flood risks

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## FAIR and FAPIA Demonstrate Strong Opposition to Proposed Citizens Policy Changes

A recent Sun Sentinel article showcased unrelenting resistance by both the Florida Association for Insurance Reform (FAIR) and the Florida Association of Public Insurance Adjusters (FAPIA) to Citizens' proposed policy changes stemming from water damage claims in South Florida. Citizens' officials allege that disproportionate claims rates in the area over the past six years are an indication of widespread fraud by a group of water damage restoration companies, public adjusters and attorneys who file suit on behalf of companies and homeowners.

Miami-Dade County is reported as the origin of 40 percent of water damage claims and 68 percent of water damage claims resulting in lawsuits between 2009 and 2013. Broward County is reported as accounting for 22 percent of water damage lawsuits



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**FAIR and FAPIA's Response to Proposed Citizens Changes, Flood Preparedness Resources, SPPA Certification Information and a Brief Profile of Florida Insurance Commissioner Kevin McCarty**

As our first issue of 2016 begins our more expanded approach to *The Journal of Public Adjusting*, we're excited to bring you a diverse mix of information. And as we transition to an online-only format, you'll be able to easily access even more information through the live hyperlinks in many of our articles.

We have a couple of especially timely topics for you this time in, "FAIR and FAPIA Demonstrate Strong Opposition to Proposed Citizens Policy Changes," and "Comprehensive Flood Preparedness Information is Available through the National Flood Insurance Program and the Florida Office of Insurance Regulation Websites."

Plus, if you've been considering obtaining a Senior Professional Public Adjuster (SPPA) certification, we may have just the nudge you need to get started.

Finally, as a prelude to more interviews and profiles of insurance industry leaders, we have a brief profile of Florida Insurance Commissioner Kevin McCarty.

Here's to a successful year,

Harold Y. Levy, ESQ.  
 HL Law Group, P.A.  
 330 SW Davie Boulevard  
 Fort Lauderdale, FL 33315  
 (954) 713-1212 | (954) 760-4239 (FAX)  
[Harold@HLLawGroup.com](mailto:Harold@HLLawGroup.com)

## Kevin McCarty Enters 13th Year as Florida's First Appointed Insurance Commissioner

As we broaden the scope of topics at *The Journal of Public Adjusting*, we'll be featuring more interviews and profiles of leaders in the Florida insurance industry. This month we have a brief profile of Florida Insurance Commissioner Kevin McCarty as depicted through the Florida Office of Insurance Regulation:



Florida Insurance Commissioner  
Kevin McCarty

Kevin McCarty began his career in public service in 1988, becoming an expert in workers' compensation issues with the Department of Labor & Employment Security. This experience gained him a position with the Florida Department of Insurance in 1991. In 1992, McCarty became a point-man to implement strategies to improve the private marketplace following the devastation of Hurricane Andrew.

The Governor and Florida Cabinet announced McCarty as the first appointed Insurance Commissioner in January 2003.

Throughout his career, McCarty has cited three main principles that have guided his vision of government's role in society:

1. Government should serve and ultimately be accountable to the people;
2. Government should be transparent in its operations, and treat its clients fairly and equitably; and,
3. Government should promote a vibrant, competitive marketplace while protecting those unable to protect themselves.

McCarty has cemented his reputation as an innovator utilizing technology to improve the regulatory process with the electronic rate and form filing and application processes, increasing speed to market and reducing administrative costs for insurers. He is a fierce defender of seniors and historically discriminated minorities and a leader on national catastrophe strategy.

He continues to focus on stabilizing the Florida property insurance market, implementing personal injury protection (PIP) reform and protecting Florida's consumers. McCarty continues to support depopulation efforts of the state-run property insurer, Citizens Property Insurance Corporation.

For more information on McCarty's background and achievements, visit [www.floir.com](http://www.floir.com). ♦

**“Government should promote a vibrant, competitive marketplace while protecting those unable to protect themselves.”**



- Coastal flooding
- The flood map update schedule
- Undergoing a map change
- The levee simulator

The Resources section features enlightening flood facts such as:

- Everyone lives in a flood zone. (For more information, visit Flood Zones FAQs.)
- New land development can increase flood risk, especially if the construction changes natural runoff paths.
- Just a few inches of water from a flood can cause tens of thousands of dollars in damage.
- Flash floods often bring walls of water 10 to 15 feet high.
- Even though flood insurance isn't federally required, anyone can be financially vulnerable to floods. In fact, people outside of mapped high-risk flood areas file over 20 percent of all National Flood Insurance Program flood insurance claims and receive one-third of Federal Disaster Assistance for flooding.
- From 2005 to 2014, total flood insurance claims averaged more than \$3.5 billion per year.

### The Florida Office of Insurance Regulation

From the homepage of The Florida Office of Insurance Regulation ([www.flor.com](http://www.flor.com)),

site visitors can click on the Flood Insurance tab to access flood information. Topics covered in a timeline format include:

- Biggert-Waters Reform Act
- The Homeowner Flood Insurance Affordability Act of 2014
- SB 542 streamlining the process for private insurance carriers to write flood insurance in Florida
- April 2015 press release from Commissioner McCarty informing Floridians about the new changes taking effect in the NFIP and the growing number of private companies offering flood insurance as an alternative

The NFIP fact sheet addressing changes to the program in April 2015 features information such as:

- Implementing annual rate changes that set rates using rate-increase limitations set by HFIAA for individual premiums and rate classes:
  - Limiting increases for individual premiums to 18 percent of premium.
  - Limiting increases for average rate classes to 15 percent.
  - Mandatory increases for certain subsidized policyholders under Biggert-Waters and HFIAA.
- Increasing the Reserve Fund assessments required by Biggert-Waters.

- Implementing annual surcharges required by HFIAA.
- Guidance on substantially damaged and substantially improved structures, and additional rating guidance on buildings constructed before their communities' first Flood Insurance Rate Maps (FIRMs) became effective (known as pre-FIRM structures).
- Implementing a new procedure for properties newly mapped into the Special Flood Hazard Area (SFHA) and existing Preferred Risk Policy Eligibility Extension (PRP EE), a cost-saving flood insurance coverage option for property owners whose buildings were newly mapped into an SFHA. The premiums will be the same as the PRP, which offers low-cost flood insurance to owners and tenants of eligible residential and non-residential buildings located in moderate-to low-risk areas for the first year (calculated before fees and assessments) to comply with provisions of HFIAA.
- Reformulating expense loading on premiums, reducing the expense load on the highest-risk policies as an interim step while investigating expenses on policies as required by Biggert-Waters.

The site also features links to flood insurance writers in Florida and flood insurance resources. ◆

## Earn Your Senior Professional Public Adjuster (SPPA) Designation in 2016 through The Institutes®

January is a good time to plan your educational goals for the year. If you've been considering earning a Senior Professional Public Adjuster (SPPA) designation, below are the benefits and course requirements associated with the certification administered by The Institutes®.

### Benefits:

- Reduce time and costs by improving technical claim handling skills.
- Improve claim handling by building a strong foundation in effective investigation techniques.

- Improve customer satisfaction and retention with communication and negotiation skills.
- Reduce costs associated with coverage disputes by gaining in-depth policy knowledge.

### Required Courses:

- AINS 21 – Property and Liability Insurance Principles
- SPPA 30 – Claim Principles and Practices for Public Adjusters
- AIC 31 – Property Claim Practices

- AIC 41 – Property Coverages
- Ethics 311 – Ethical Guidelines for Insurance Professionals or Ethics 312 – Ethics and the CPCU Code of Professional Conduct

In-depth course information including a PDF of all 30 SPPA assignments, practice exams and other study aids are available on The Institutes® website. To purchase study materials, and for more information, visit [www.TheInstitutes.org/SPPA](http://www.TheInstitutes.org/SPPA). ◆



HL Law Group, P.A.  
330 SW Davie Boulevard  
Fort Lauderdale, FL 33315

## Inside *The Journal of Public Adjusting*:

- Comprehensive Flood Preparedness Information is Available through the National Flood Insurance Program and the Florida Office of Insurance Regulation Websites
- FAIR and FAPIA Demonstrate Strong Opposition to Proposed Citizens Policy Changes
- Kevin McCarty Enters 13th Year as Florida's First Appointed Insurance Commissioner
- Earn Your Senior Professional Public Adjuster (SPPA) Designation in 2016 through The Institutes®

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## FAIR and FAPIA Demonstrate Strong Opposition to Proposed Citizens Policy Changes

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with Palm Beach County accounting for 6 percent during the same time frame.

Citizens' proposed policy changes include:

- Requiring policyholders to report losses within 72 hours of when the insured knew or should have known the loss occurred.
- Capping coverage for emergency services and temporary repairs at \$2,500 to \$5,000.
- Excluding coverage for permanent repairs completed before allowing Citizens to inspect the damage.
- Limiting coverage to direct physical damage and excluding "cosmetic or aesthetic differences" unless additional coverage is purchased.
- Limiting coverage for tear-out and replacement to the portion of the plumbing that caused the loss, and not necessarily the entire system.

After a conversation with Citizens' officials, FAIR Vice President of Public Policy Paul Handerhan was quoted in a Sun Sentinel article as stating, "I think they were making a good faith attempt to try to address issues and come up with a solution that doesn't hurt policyholders," Handerhan said. "They conveyed to me that the biggest issues were their non-ability to see the property within a reasonable time frame or get reasonable, prompt notice of the loss. Someone said that if these two problems had some sort of resolution, maybe these other problems are ancillary."

FAIR President and CEO Jay Neal is reported as wanting to help create a solution to Citizens' assertion that the insurer doesn't learn about non-weather-related water damage claims (typically a result of plumbing breaks or pipe deterioration) until long after repairs are underway or complete. "We understand there are serious issues," Neal was quoted as saying. "If [a contractor] tears everything out of the house, including the cabinets and the sink, then says to the insurance company, 'Pay this or we'll sue you' — that doesn't work."

Neal and Handerhan concur that while some fraud does exist, a majority of water damage claims in South Florida result from deterioration of plumbing systems in the area's older homes.

According to the Sun Sentinel article, FAPIA Managing Director Nancy Dominguez warned via email of "far-reaching effects outside of water loss claims" that would result from the changes. "The changes being recommended by Citizens are supposed to curb alleged fraud and abuse. There are far more effective ways to do this without harming policyholders who have legitimate claims," she said.

The Sun Sentinel article also stated that Citizens has not provided evidence that fraud is responsible for the large proportion of water damage claims in South Florida. Additionally, the company did not produce statistics or data supporting its policy change proposals prior to the Dec. 9 Board of Governors approval, or afterward in response to requests by the Sun Sentinel.

The Office of Insurance Regulation will review Citizens' reforms with a final decision issued by Insurance Commissioner Kevin McCarty. ♦